

# SOUTHEAST DAVIESS COUNTY WATER DISTRICT

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August 23, 2006

To : Executive Director  
Public Service Commission

RE : Case # 2006-00379  
Response to Filing Deficiencies

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PUBLIC SERVICE  
COMMISSION

On August 15, 2006, the Public Service Commission sent a letter notifying the Southeast Daviess County Water District of filing deficiencies in Case # 2006-00379. Noted in the filing deficiency was 807 KAR 5:011: Section 10 (2) which states that addition revenues generated by the tariff filing would need to be included in an absorption test limited by a specific rate of return. However, our case involves only an increase in meter tap fees in which the cost to set a new meter installation is what is requested from the meter tap applicant. These are the only increases requested in this case. Furthermore, it is our understanding that the funds generated from meter tap fees are classified under the Uniform System of Accounts as Contributions in Aid of Construction and as such are not included in any rate of return percentage calculation. Therefore, because of these reasons, the Southeast Daviess County Water District humbly requests from the Public Service Commission a re-review of the filing requirements in this case and lift this deficiency from the case due to non-applicability with concern to an absorption test and the District's rate of return.

If you need any further information, please contact our office. We look forward to your response to this matter. Thank You.

Sincerely,



William G. Higdon  
Manager